

# **Program Budget Narratives**

## **Environment**

# Parks and Recreation

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## Mission

To manage and interpret Indiana's unique natural, wildlife, and cultural resources, provide for compatible recreational opportunities, and sustain the integrity of these resources for future generations.

## Summary of Activities

The **Department of Natural Resources (DNR)** manages Indiana's system of 32 state parks and reservoirs. The 23 state parks comprise 62,322 acres across Indiana. The nine reservoirs include eight properties built by the Army Corp of Engineers for flood control, covering 114,721 acres. The DNR is responsible for protecting Indiana's natural resources, providing recreational opportunities, maintaining the state's natural capital assets and infrastructure, and educating visitors and the general public about the environment and the importance of environmental protection. The experiences offered at Indiana state parks and reservoirs are diverse. Seven parks have inns where visitors can stay in indoor accommodations, while others offer camping, fishing, hiking, boating, and access to a variety of natural environments. The DNR also manages a Statewide Trails program and a Natural and Scenic Rivers program to promote outdoor recreation.

## External Factors

Indiana's success in providing high-quality state parks and recreational opportunities has increased the demand for these services. Public demand for more comfortable and modern recreational services (full hookup camp sites, cable television in DNR inns, etc.) continues to increase. The DNR is also operating under increased requirements for sewage testing, treatment and disposal, trash removal and disposal, and employee testing. Security and health concerns have also increased due to the September 11, 2001 terrorist attacks and the advent of the West Nile virus. Providing and maintaining these increased service levels are a challenge during these extraordinarily difficult fiscal times.

## Evaluation and Accomplishments

During the early 1990's State Parks and Reservoirs responded to requests to streamline services without impacting visitors to our properties. By the late 1990's this was no longer possible. Many policies changed due to the economic impact of the past few years. Lifeguards were eliminated at many beaches and pools, a "carry in, carry out" trash policy was initiated, mowing and ground maintenance was reduced, swimming hours and the swimming season were reduced by 40%, one in four seasonal staff members were eliminated, and cultural arts programs and special events were reduced or eliminated. Full time staffing has been reduced by approximately 2 staff positions per property over the last 15 years. Park visitation has grown from 33,600 in 1919 to nearly 20 million visitor days per year. Visitation at reservoir properties has increased by approximately 33% since 1980, with more than 60,000 hunting opportunities taking place each year.

The DNR has improved services to customers by upgrading campgrounds, comfort stations, nature centers, and inns. Modernized restrooms and full hookup campsites including 50-amp electrical service lead to increased costs to maintain and operate facilities. Utility costs have increased 26.5% since fiscal year 2000.

The Division of State Parks and Reservoirs successfully implemented a new automated Campground Reservation system in 2003 providing a greatly improved service for our camping customers. This service permits visitors to Indiana Parks, Reservoirs and Forests to make real-time reservations for campsites, cabins, shelters or recreation buildings via a call center or the Internet. The old manual system only allowed 50% of the sites to be reserved at one time. The new automated system allows nearly 100% reservation, optimizing visitation throughout the



system. It also increases fiscal accountability and simplifies revenue handling and the check-in process at DNR campgrounds. Increased recreation fees provided the revenue necessary to pay for this new customer service.

Redbird, the first state sponsored off-road vehicle riding area, opened in June of this year. Two new nature centers also opened during the past biennium at Mounds State Park and Salamonie Reservoir.

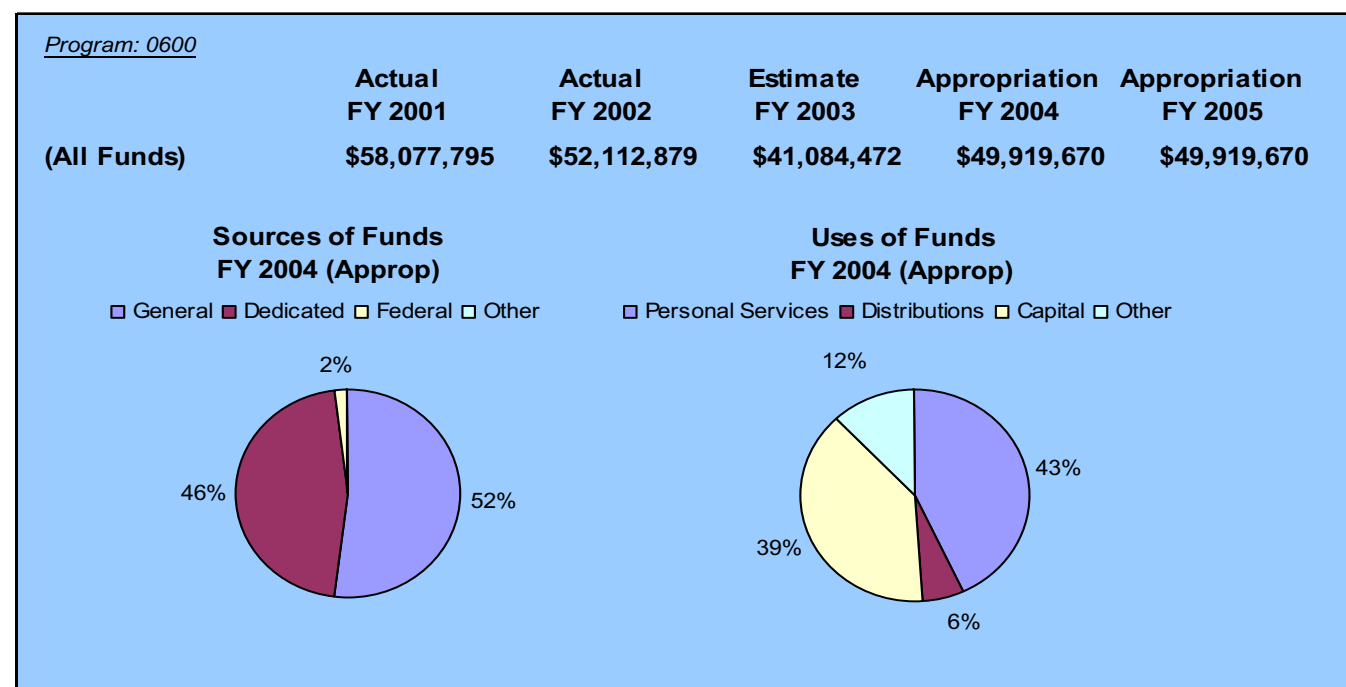
DNR also continues to improve natural resource stewardship activities by aggressively seeking out and controlling invasive exotic species from expanding on state properties such as; the gypsy moth, Japanese long horned beetle, and the emerald ash borer. In addition, the DNR continues to offer increased opportunities for children and visitors to participate in interactive programs on state properties, which teach environmental ethics while providing entertainment and fun.



Raccoon Lake  
State Recreation Area

## Plans for the Biennium

The DNR expects to acquire additional land at Charlestown State Park. At Prophetstown State Park, the DNR will continue to acquire new land for park completion, finish basic infrastructure design and construction, build basic public use facilities such as picnic areas, bike trail, campgrounds, and begin general operations. Efforts will continue to build and reclaim wetland areas. The DNR will improve customer service at state park inns, campgrounds, and other facilities through repaired and reconstructed facilities. The Outdoor Recreation division will respond to the increased demand for services, especially through the federal Land and Water Conservation Fund program, greenway initiatives, and expansion of both on-road and off-road bicycling opportunities. The Division of Fish and Wildlife plans to implement a new statewide automated fishing and hunting license system during the summer of 2004.



# Conservation

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## Mission

To ensure the protection, careful management, and enhancement of Indiana's natural resources.

## Summary of Activities

The **Department of Natural Resources** (DNR) is responsible for the conservation of Indiana's natural resources, including forests, water, soil, plants, fish, and wildlife. The DNR also promotes the responsible development of oil and natural gas resources and regulates the operation and reclamation of coal mines.



The DNR Division of Nature Preserves uses funds from the Indiana Heritage Trust program to acquire and dedicate as state nature preserves the best natural areas in Indiana. Ecologists care for 196 preserves, installing trails, monitoring rare species, conducting controlled burns, and controlling invasive species. The Division of Forestry operates two tree nurseries that annually sell four to six million seedlings to the public for timber, windbreaks, wildlife food and habitat, watershed and soil protection, reclamation, and education. The Division also provides leadership and support regarding fire management, forest health, and forest product conversion, and administers 13 state forest properties covering 150,000 acres.

The Division of Fish and Wildlife manages fishery resources on public waters and provides wildlife management services and assistance to state properties, national forests, and private landowners. The Entomology and Plant Pathology Division manages plant and pests to ensure the preservation and protection of cultivated land and natural resources. Every year, the division inspects and certifies some 500 plant nurseries, 50 greenhouses, and nearly 3,500 dealers of nursery stock statewide. DNR inspectors also provide compliance certifications for state and federal quarantines of species such as the gypsy moth and pine shoot beetle.

The Division of Water assists local communities with flood hazard mitigation planning activities related to the National Flood Insurance Program. It also assists in regulating construction activities along the state's waterways, protecting lives and property from flood hazards, and ensuring access to public waters. Hydraulic engineers, geotechnical personnel, and surveyors are responsible for the inspection of over 1,200 dams, maintaining the state's floodplain mapping and waterway programs, and assisting the **State Emergency Management Agency** (SEMA) in the event of dam or levee emergencies. Division of Soil Conservation implements programs for lake and river enhancement, storm water and sediment control, and agricultural conservation.

The Division of Oil and Gas works with oil and gas operators to ensure that construction plans protect the environment. The Division of Reclamation protects citizens, property, and resources from the adverse effects of coal mining. Prior to 1977, more than 100,000 acres of land in Indiana were mined and then abandoned, leaving behind exposed toxic materials. The Abandoned Mine Land program works to restore land disturbed by coal mines.

## External Factors

Indiana has a relatively small amount of publicly-owned land, creating pressure to accommodate increasing consumer demand for nature-based activities. Continued economic development creates the need for targeted, effective conservation programs that ensure the protection of natural resources. Land use changes resulting from the fragmentation or liquidation of forest resources present a challenge to sustainable forest management. Public demand for a wide diversity of native fish and wildlife species may result in new federal legislation providing funds for wildlife diversity, conservation, and education. These funds could then be utilized for conservation activities.



## Evaluation and Accomplishments

During the last four years, the state has protected more than 20,000 acres of land for parks, wetlands, trails, and nature preserves. The DNR brought back 194 river otters, an indigenous Indiana creature that had become extinct in this state. It protected peregrine falcons, ospreys, and bald eagles from a similar fate, nurturing nearly 200 of these birds from birth to adulthood. Over 500,000 fish were introduced to the White River after the contamination event of December 1999 and DNR continues to monitor associated restoration efforts. The state also launched the Indiana Forest Legacy program to conserve important forests in rapidly developing areas.

Since 1990, the DNR has regulated over half the counties in Indiana for pine shoot beetles, seven counties for gypsy moths, and several production nurseries and greenhouses for Japanese beetle or other regulated pests. Soil Conservation field employees assisted thousands of individuals with conservation planning for over 50,000 acres of land and provided engineering assistance on many occasions. DNR's assistance has prevented several tons of soil from eroding and polluting rivers, lakes, and streams. Meanwhile, the number of state dedicated nature preserves has increased by 18% over the last few years.

## Plans for the Biennium

The Forest Legacy Program will be expanded to increase the amount of acreage that can be protected. The DNR will continue to use funds from the Indiana Heritage Trust Program to acquire and dedicate the best remaining natural areas in Indiana, insuring that the full array of Indiana's wild, living heritage is protected. This includes new nature preserves in counties where there are currently none. The Division of Forestry will work to increase the use of sustainable forest management occurring on private forestlands, while the Division of Fish and Wildlife will develop and initiate a management plan to protect and enhance wildlife diversity. Containment of gypsy moth outbreaks will be a priority, as will helping land users adopt new technologies and methods of managing soil and water resources.

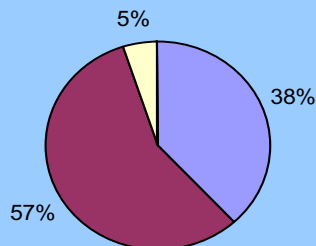


Program: 0605

	<b>Actual FY 2001</b>	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Appropriation FY 2004</b>	<b>Appropriation FY 2005</b>
<b>(All Funds)</b>	<b>\$81,297,316</b>	<b>\$77,473,992</b>	<b>\$76,314,810</b>	<b>\$69,658,545</b>	<b>\$70,279,463</b>

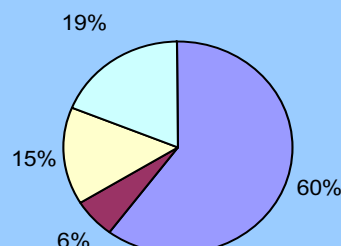
**Sources of Funds  
FY 2004 (Approp)**

□ General ■ Dedicated □ Federal □ Other



**Uses of Funds  
FY 2004 (Approp)**

□ Personal Services ■ Distributions □ Capital □ Other



# Water Quality

## Mission

To ensure that Hoosiers have a safe supply of drinking water and that Indiana waterways are safe areas for recreation.

## Summary of Activities



The **Indiana Department of Environmental Management (IDEM)** Office of Water Management is comprised of five branches which work to achieve the water quality goals of “drinkable, swimmable, fishable” waters for Indiana’s 36,000 river and stream miles, 575 lakes and reservoirs, and Lake Michigan. The five areas of the water program are Assessment, Watershed, Permits, Compliance, and Drinking Water.

The Assessment Branch monitors the quality of surface water to determine if the waters support all uses for drinking, swimming, and fishing. This monitoring occurs throughout the year at 164 fixed station locations on major waterways and a major basin monitoring effort, through intensive field sampling of water quality for physical, chemical, and biological indicators. Those waters that are determined to not meet quality standards are then reviewed by the Planning and Restoration Branch to develop restoration plans to achieve Indiana’s water quality goals through implementation projects within the affected watershed.

In support of the federal Clean Water Act, the Permits and Compliance Branches focus on limiting the discharge of pollutants into Indiana waterways. Permits that limit the amount of water pollution to a level that will not reduce water quality below the drinking, swimming, and fishing standard are issued to dischargers. There are 1,671 organizations with discharge permits across the state whose performance must be inspected and reviewed by the Compliance Branch to assure that discharge limits are not exceeded.

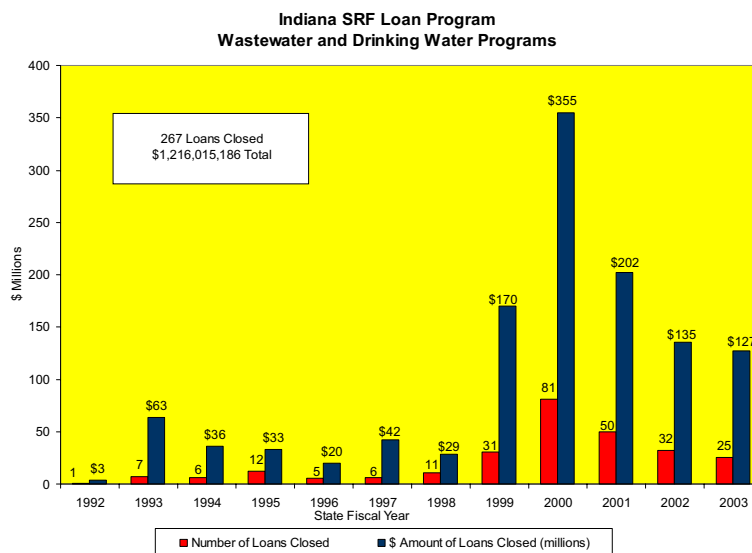
In support of the federal Safe Drinking Water Act, the Drinking Water Branch reviews the performance of 4,500 public water supplies to assure compliance with the safe drinking water requirements. Nearly two-thirds of Indiana residents drink groundwater. The Drinking Water Branch works with local, state, and federal agencies to protect Indiana’s abundant groundwater supply, assuring safe drinking water for Hoosiers both now and in the future.

The State Revolving Fund Loan Program (SRF) is administered jointly by IDEM and the **State Budget Agency**. Under the Direction of the Executive Director, **The SRF Program** provides low-interest loans to local communities for the purposes of financing infrastructure improvements that support clean drinking water and wastewater treatment. Low-interest SRF loans improve water quality and save money for utility ratepayers.

## External Factors

External factors threatening Indiana’s surface waterways include combined sewer overflows, storm water runoff from agriculture and urban surfaces, and the destruction of wetlands. Combined sewer overflow problems stem from sewer construction practices utilized when urban areas were developed approximately 100 years ago.

Rainwater and sewage drains were combined into a single system — if heavy rains exceed the system’s drainage capacity, untreated sewage is forced into rivers and streams, causing bacterial contamination.



Runoff from agriculture and urban areas can also contaminate water sources with bacteria, as well as pesticides, oils and other contaminants which are washed off roads. Wetlands are essential to providing flood control, water filtering, and providing habitat for fish and other wildlife. Indiana has lost 87% of its original wetlands over the past two centuries.

Severe and unpredictable water pollution events such as the recent flooding that disabled sewage treatment plants in north-central Indiana require corresponding intensive use of IDEM response and mitigation resources.

## Evaluation and Accomplishments

The number of major wastewater treatment facilities (typically those facilities with average design flows of more than one million gallons per day) with significant violations was reduced to 13 percent. The number of minor facilities with significant violations was reduced to 16 percent. IDEM completed water quality samples at its 164 fixed stations-59 more fixed stations than existed four years ago.

Over the last two years, IDEM and the State Budget Agency have made 56 low-interest State Revolving Loans worth over \$264 million to utilities across the state to make local wastewater and drinking water infrastructure improvements.



## Plans for the Biennium

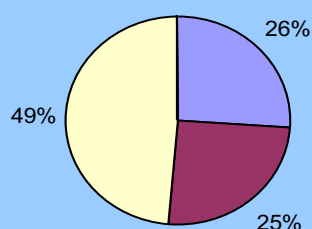
IDEM will continue to use good science and sound policy to shape and implement water quality standards throughout the next biennium. The Office of Water Quality will also continue to develop partnerships with local communities to restore state watersheds in ways that will achieve Indiana's water quality goals for drinking, swimming, and fishing.

Program: 0610

	Actual FY 2001	Actual FY 2002	Estimate FY 2003	Appropriation FY 2004	Appropriation FY 2005
(All Funds)	\$23,333,951	\$23,539,725	\$34,839,116	\$31,184,357	\$31,853,001

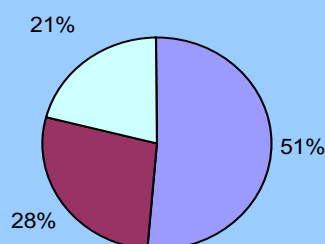
**Sources of Funds  
FY 2004 (Approp)**

□ General ■ Dedicated □ Federal □ Other



**Uses of Funds  
FY 2004 (Approp)**

□ Personal Services ■ Distributions □ Capital □ Other



# Air Quality

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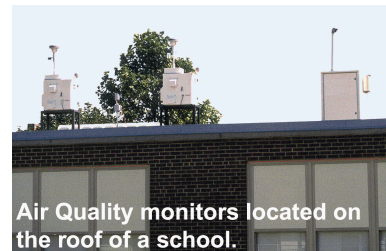
## Mission

To attain and maintain clean and breathable air throughout the state and to ensure Indiana air meets or exceeds all health-based standards.

## Summary of Activities

The **Indiana Department of Environmental Management (IDEM)** implements a variety of state and federal programs to ensure air quality. It improves and safeguards the quality of Indiana's air through the following activities:

- Evaluating and issuing permits for construction and operation. In recent years, there have been several hundred applications for new or modified air emitting sources filed with IDEM each year. There are approximately 750 "sources", such as steel mills, chemical plants, power plants, and automotive manufacturing facilities that are considered major emitters and require comprehensive operating permits.
- Inspecting and providing compliance assistance to regulated businesses. IDEM air inspectors annually inspect the most significant sources and provide them with targeted assistance.
- Developing state rules to reduce emissions. New rules include incorporating federal requirements as they are issued, as well as developing rules specifically needed to address Indiana's air pollution problems.
- Monitoring Indiana's air quality. Indiana maintains an extensive network of permanent monitors that measure the levels of a variety of pollutants, including ozone, carbon monoxide, sulfur dioxide, particulate matter (dust and soot), air toxics and lead. Temporary monitors can also be located to assess specific situations.



The **Indiana State Department of Health (ISDH)** certifies radon testers, laboratories, and mitigators, and responds to inquiries via an 800-number radon hotline. The ISDH samples and analyzes fuel sold by gasoline service stations to ensure that the octane rating meets or exceeds advertised quality. The ISDH also assists local health departments with identification and resolution of indoor air quality problems by conducting surveys of problem buildings, and by supplying training, equipment and sampling media for indoor air quality investigations.

## External Factors

**Ozone sources:** Motor vehicles, manufacturing, industrial and everyday activities emit nitrogen oxides and volatile organic compounds that react in sunlight to form ozone. Pollutants that cause ozone include gasoline vapors, chemical solvents and combustible fuels. Emissions of nitrogen oxides from tall sources, such as smokestacks, are more likely than sources near ground level to travel downwind and increase ozone levels in surrounding urban and rural areas.

**Vehicle miles traveled:** Cars and trucks are significant sources of carbon monoxide, nitrogen oxides, particulate matter, and volatile organic compound emissions. IDEM uses studies of total vehicle miles traveled to estimate emissions of these pollutants. In 2001, Hoosiers drove 71.6 million miles annually, an average of 196,000 miles per day. From 1991 to 2001, annual vehicle miles increased by 32%; Indiana's population increased by about 9.3% during the same period. The increasing rate of vehicle miles traveled reduces the air quality benefits from cleaner vehicles and fuels, as well as increasing traffic congestion and creating a need for additional road construction and maintenance.

**Sulfur Dioxide:** Populations particularly sensitive to sulfur dioxide include children, older adults, asthmatics, and people with chronic lung and cardiovascular disease. Sulfur dioxide is a primary component of acid rain, and sulfur dioxide levels in Indiana's air have decreased dramatically. All areas of Indiana currently meet state and federal health standards for sulfur dioxide, as measured by air quality monitors. Many Indiana power plants have greatly reduced sulfur dioxide emissions by using low-sulfur coal, increasing use of lower polluting boilers, and investing in air pollution control equipment such as scrubbers.

**Dust & Soot:** "Particulates" are small pieces of aerosol mists, dust, dirt and soot emitted by sources such as cars, trucks, construction projects, factories, unpaved roads, fireplaces, and wood stoves. Older adults, children, and people with chronic lung disease are especially sensitive to particulates. Recent studies indicate that the smallest particulates pose the most serious health threat, because they can be inhaled more deeply into the lungs and are more difficult to exhale.



**Airborne toxic and other organic compounds:** Many chemicals in the air affect human health and the environment. Some chemicals occur naturally. Others are released by a variety of human activities such as manufacturing, driving, cleaning or painting.

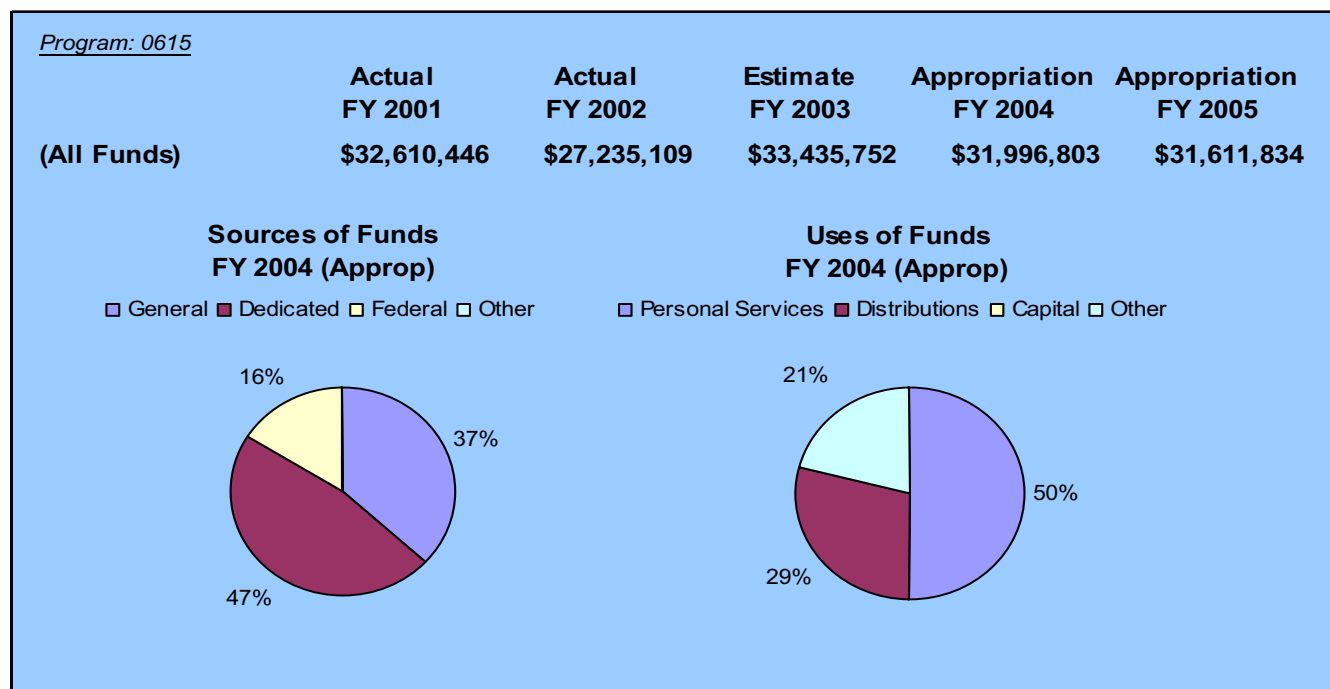
## Evaluation and Accomplishments

All areas of Indiana currently meet state and federal air quality health standards for carbon monoxide, large particulates, sulfur dioxide, and lead. Ozone levels have decreased everywhere in Indiana, but still remain a health concern, especially in larger urban areas. With improved monitoring and research into the source of emissions, more is understood about the types and levels of many toxic chemicals for which there are no promulgated health standards.

IDEM has issued more than 575 operating permits for major sources of air pollution. To ensure that air pollution sources are in compliance with state and federal laws, IDEM has inspected 99% of the 800 major air pollution sources during the past biennium, most of them more than once, and provided significant oversight to sources using continuous emission monitors or periodic stack tests. IDEM inspectors have reviewed more than 1000 annual compliance certifications each year filed by emitting facilities as well as quarterly reports and other compliance related reports. It expanded the toxics monitoring network across the state. It has assisted the City of Hammond to equip its school bus fleet with catalytic converters to reduce toxic fumes.

## Plans for the Biennium

IDEM will continue to issue all current permits on a timely basis. It will complete issuance of 800 Title V permits, and continue to collect and analyze air samples and emissions. The agency will complete revisions to its new source permitting program and begin to develop clean air plans for areas across the state that do not meet health standards for ozone and fine particles. It will work with communities on projects to reduce citizens' exposure to diesel emissions including one to convert diesel-powered buses to cleaner fuels. It will continue to inspect sources for compliance with current requirements and work with Indiana businesses to implement new rules to reduce emission of toxic chemicals for a variety of industries. IDEM will also increase its understanding of the risk posed by chemicals present in Indiana's ambient air.



# Land Quality

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## Mission

To protect the public health and the environment by ensuring proper handling and disposal of wastes.

## Summary of Activities

The **Indiana Department of Environmental Management (IDEM)** Office of Land Quality focuses on prevention of environmental problems. This is accomplished by thorough review and appropriate permitting of facilities that manage waste materials and through stringent compliance inspections. IDEM also focuses on industrial waste landfills and farming operations involving large numbers of animals.

IDEM issues hazardous waste permits to help ensure safe waste management practices at major industrial facilities that treat, store or dispose of hazardous waste. These permits also function to prevent releases of hazardous chemicals into the environment. IDEM also registers and inspects waste tire transporters, processing facilities, and storage sites.

In addition to permitting and inspection, IDEM oversees short-term and long-term environmental cleanup projects. The Voluntary Remediation Program (VRP) provides current and prospective contaminated property owners with a mechanism to clean up the property with IDEM oversight and assistance. There are currently 276 active VRP projects. As a partner with the U.S.

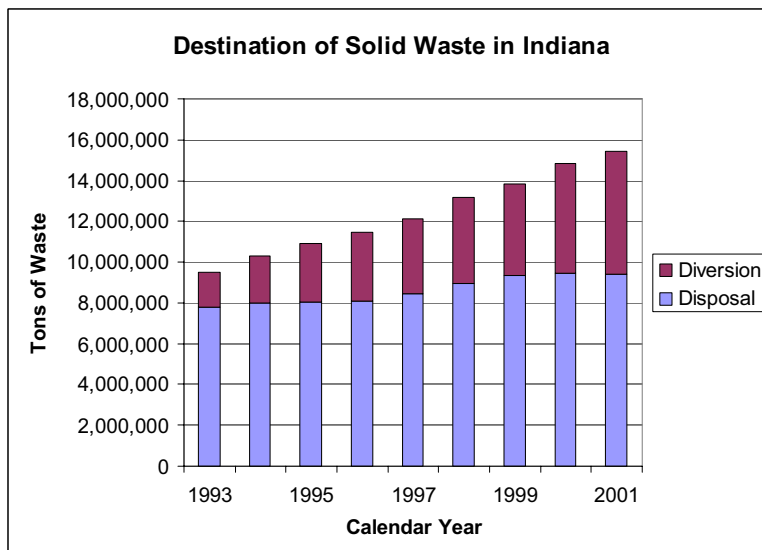
Environmental Protection Agency (EPA), IDEM conducts and oversees the cleanup of the most contaminated sites identified by the federal government on their “Superfund” list. The IDEM Site Cleanup Program funds, oversees, and manages the cleanup of sites that do not qualify for the Superfund program.

The IDEM Defense Environmental Restoration Program (DERP) assists the U.S. Department of Defense, in cooperation with the EPA, in the investigation and cleanup of active and closing military bases at which hazardous substances were used, stored or disposed. IDEM also oversees the cleanup of releases from regulated underground storage tanks. The redevelopment of “brownfields” — abandoned or underused industrial or commercial sites where development is complicated by actual or perceived environmental contamination — links economic vitality and jobs with environmental protection. During FY 2003, 42 communities applied to IDEM for assistance remediating and returning brownfields to productive economic reuse.

IDEM emergency response personnel are on call 24 hours a day, 365 days a year to respond to environmental emergencies. When necessary, state funds can be used to control and cleanup oil spills, hazardous material accidents and releases of other objectionable substances.

## External Factors

Indiana covers an area of 36,300 square miles, requiring broad monitoring and enforcement of land quality. Past waste management practices have caused many significant problems that the state must continue to address, including contaminated sites, leaking underground storage tanks, spills, landfills, and open dumps that can contaminate ground water. Thousands of contaminated Indiana properties require remediation. Many are actively under investigation or cleanup, while others are yet to be discovered. Prospective purchasers of brownfields may be reluctant to purchase the property because of concerns about legal liability from potential contamination at the site.



## Evaluation and Accomplishments

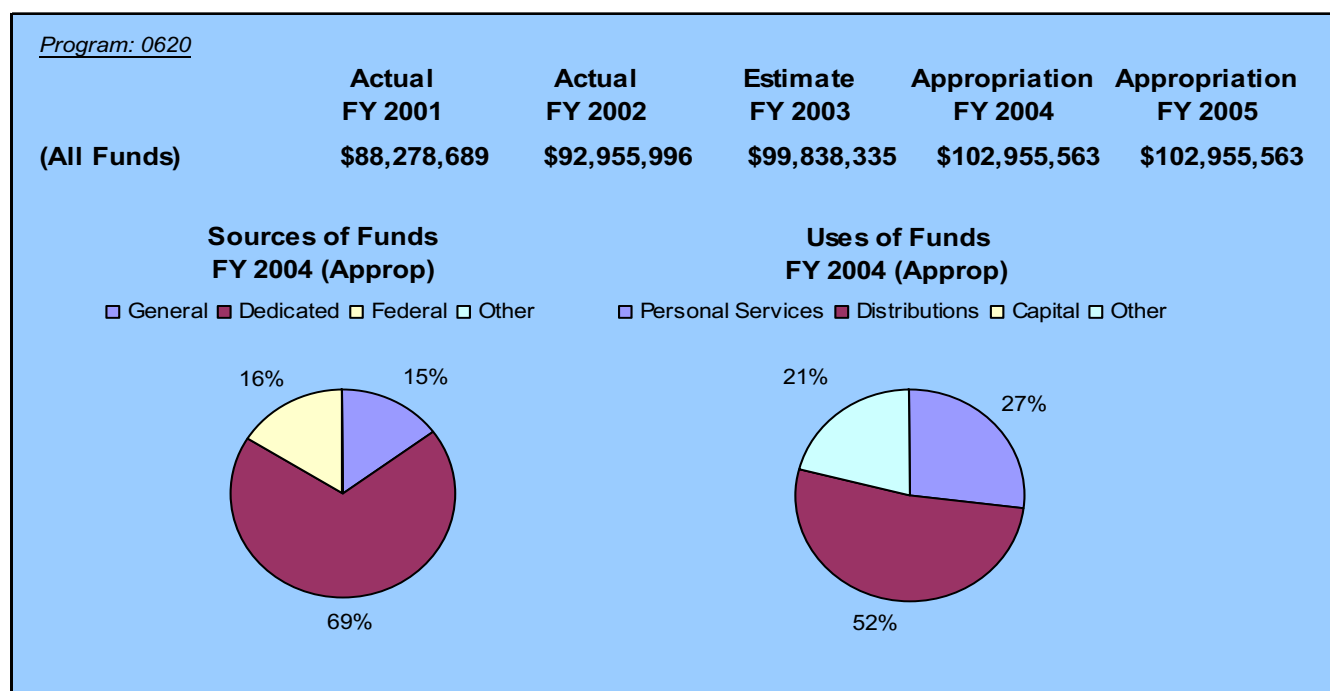
As of 2003, there are 36 Superfund sites, including Continental Steel in Kokomo and the Westinghouse/CBS site in Bloomington. Cleanup efforts are under way at 12 Superfund sites, and cleanup responses are complete and are being monitored at 24. To date, approximately 112 Indiana communities have received brownfield funding and /or other assistance for approximately 281 sites to be redeveloped and returned to productive economic reuse. Over the last seven years more than 8 million tires at 70 illegal dumpsites were cleaned up, with an estimated 1,336,836 tires being shredded. At the end of 2002, over 4,400 leaking tank sites have been remediated since 1993.



## Plans for the Biennium

IDEM will continue to issue permits on a timely basis and conduct compliance inspections to ensure waste materials are being managed properly. Inspections will be targeted to give the highest priority to sites which represent the greatest threat to public health. This document will help assure consistency among multiple remediation programs in setting the level of cleanup which must be conducted to ensure protection of human health and the environment.

IDEM will also continue its partnership with the U.S. Department of Defense as that agency permits, constructs, and operates a facility to destroy VX poison nerve gas stored at the Newport Army Chemical Depot. IDEM will continue to assist communities with brownfield redevelopment so that properties may be returned to the tax rolls and productive use. IDEM will continue to assist the agricultural community as the agency implements rules regulating confined animal feeding facilities, which will help prevent the discharge of animal wastes into surface waters.



# Energy Policy

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## Mission

To promote the economically and environmentally responsible use of energy, resources and recyclable materials.

## Summary of Activities

The **Indiana Department of Commerce's** (IDOC) Energy and Recycling Office (ERO) operates energy programs in three primary areas: fossil fuels, alternative fuels and energy efficiency programs.

Fossil fuel activities include the gathering and maintenance of data on coal, natural gas, petroleum fuels and electricity. Communication with other state and federal agencies, fuel producers and electric utilities helps maintain reliable supplies of fuel and electricity for Indiana consumers. The promotion of Indiana coal is also a component of ERO's fossil fuel activities.

Alternative fuel activities include the promotion of alternative fuels (such as natural gas, ethanol, electricity and propane for motor vehicles). The Alternative Fuel Transportation program provides grants of up to \$30,000 to cover the incremental cost of alternative fuel vehicles, fuel or the building of alternative fuel vehicle refueling facilities. The ERO is active in the Clean Cities program, a federal public-private partnership program that promotes alternative fuel vehicles. The ERO also offers Alternative Power and Energy grants of up to \$30,000 for non-transportation alternative fuels such as wind, solar, geothermal and waste-to-energy projects. The Biomass Grant Program funds research for finding new ways to derive energy from biologically based materials.

Energy efficiency activities are aimed at saving money for Indiana consumers and businesses through the reduction of energy consumption. Energy efficiency also creates environmental benefits by preventing emissions. IDOC activities include grant and loan funds for industrial energy efficiency, building renovations and the implementation of energy efficiency measures in public institutions. Grants of up to \$30,000 are available for distributed generation projects. Industrial energy efficiency projects may receive up to \$250,000 in zero-interest loans and public institutions are eligible for loans of up to \$100,000. The ERO also offers a limited number of Renewable Energy Education and Demonstration Grants for projects that are highly visible and demonstrate novel applications of energy technologies.

In all of these areas, the ERO acts as a clearinghouse for a wide variety of energy issues, providing expertise to the public, Indiana businesses and other agencies of state government.

## External Factors

The ERO's programs are highly dependent on federal funding through the State Energy Program administered by the U.S. Department of Energy. The state receives approximately \$1,000,000 in federal funds each year, and State Energy Program funds are subject to fluctuations in annual federal appropriations.

The success of ERO programs is often dependent on volatile energy markets. When market prices for energy or for specific fuels are high, the ability of the division to identify solid, cost-effective projects improves. High fossil fuel prices also tend to increase interest in alternative fuels among both businesses and the public. However, high prices also tend to be accompanied by restricted supplies of energy products, making it more difficult to ensure availability. Therefore, the type and intensity of ERO activities tend to change with fluctuations in the global energy

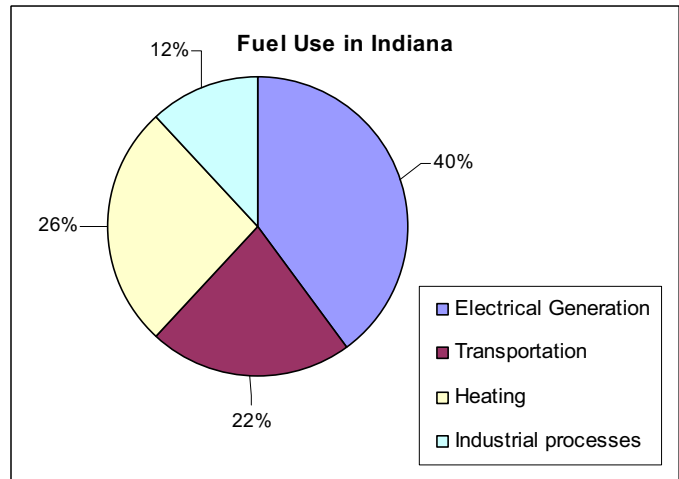




## Evaluation and Accomplishments

From 1999 to 2002 the ERO provided funding to 66 projects. Projects funded included loans and grants for the purchase of energy-efficient or alternative fuel equipment, grants for research and development and grants for the promotion of alternative and renewable fuels. Funds provided for the purchase and installation of equipment totaled \$3,340,342. The estimated energy savings to the Indiana businesses and institutions that received these funds were \$2,551,186 per year.

An example ERO project is Lakeland High School in LaGrange, which was awarded a \$100,000 Public Facility Energy Efficiency Program loan in August 2001 to carry out an energy-efficient lighting retrofit and install a direct digital control system. The total project cost was \$107,366. The upgrades at Lakeland High School will save the school corporation over \$24,000 a year; the project will pay for itself in less than five years.



## Plans for the Biennium

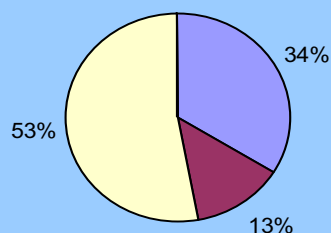
ERO plans to continue promoting energy reliability, energy efficiency and the use of alternative energy resources. As recent events have shown, there is an ongoing need for greater conservation of petroleum products, natural gas and electricity. Emphasis will be placed on industrial and institutional energy efficiency programs. By conserving energy, Indiana businesses and institutions can continue to grow while helping reduce exposure to volatile energy costs. Renewable energy efforts will be emphasized as a means of reducing dependence on traditional fuels. Efforts will also be made to aid in the development of high-technology manufacturing through the promotion of advanced energy technologies in Indiana.

Program: 0630

	Actual FY 2001	Actual FY 2002	Estimate FY 2003	Appropriation FY 2004	Appropriation FY 2005
(All Funds)	\$1,357,084	\$1,398,632	\$1,804,337	\$1,817,735	\$1,817,735

### Sources of Funds FY 2004 (Approp)

□ General ■ Dedicated □ Federal □ Other



### Uses of Funds FY 2004 (Approp)

□ Personal Services ■ Distributions □ Capital □ Other

